

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

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| JOINT FILING SEEKING AUTHORITY FOR |) | |
| KENTUCKY WATER SERVICE COMPANY, INC. |) | |
| TO TRANSFER ITS WATER PLANT AND |) | CASE NO. 9432 |
| ASSOCIATED FACILITIES LOCATED AT |) | |
| SOMERSET TO CITY OF SOMERSET |) | |

O R D E R

On August 1, 1985, the Aqua Corporation ("Aqua") filed an application in Case No. 9392, the application of the Aqua Corporation ("Aqua") for authority to acquire 100 percent of the common stock of Kentucky Water Service Company, Inc. ("Kentucky Water"). Kentucky Water currently owns and operates three plants in the cities of Somerset, Middlesboro and Clinton. When the application in Case No. 9392 was filed, the plan was for Aqua to purchase all the stock of Kentucky Water and then, in a separate proceeding before the Commission, request approval for Aqua to direct Kentucky Water to sell the Middlesboro and Somerset plants to the respective cities. Kentucky Water would still own and operate the Clinton plant. An Order issued on September 9, 1985, granted approval for the transfer of ownership of Kentucky Water to Aqua. However, since the original filing, the City of Middlesboro has changed positions and does not currently intend to purchase the Middlesboro Plant.

On September 27, 1985, Kentucky Water filed two joint applications, Case No. 9432 and Case No. 9431, a joint filing seeking authority for Kentucky Water to transfer its Middlesboro and Clinton facilities to Aqua and for Aqua to issue common stock and to assume obligations to meet the Industrial Revenue Bonds Debt Service. In this proceeding, Case No. 9432, Kentucky Water and the City of Somerset ("Somerset") are requesting authority to transfer the Somerset plant owned by Kentucky Water to the City of Somerset.

In summary, the current plan is for Aqua to purchase the Middlesboro and Clinton facilities, Case No. 9431, to enact the Order of Case No. 9392 by having Aqua purchase 100 percent of the outstanding stock of Kentucky Water, and then have Aqua direct Kentucky Water to sell all the Somerset facilities to the City of Somerset, Case No. 9432.

This Order addresses the Commission's findings and determinations on issues presented and disclosed in its examination of Case No. 9432, Kentucky Water's and Somerset's proposal to transfer the Somerset plant owned by Kentucky Water to the City of Somerset.

No motions to intervene in this matter were filed, nor were there any requests for a public hearing.

Based on the evidence of record and being advised, the Commission is of the opinion and hereby finds that:

1. Kentucky Water desires to transfer its Somerset facility to Somerset, and Somerset desires to acquire said system;

2. Somerset anticipates that the Somerset facility will continue to be managed by existing personnel of Kentucky Water for a term of at least one year following the transfer of title;

IT IS THEREFORE ORDERED that the transfer of the Somerset facility owned by Kentucky Water to Somerset be and it hereby is approved.

Done at Frankfort, Kentucky, this 15th day of November, 1985.

PUBLIC SERVICE COMMISSION

Richard D. Herman, Jr.
Chairman

[Signature]
Vice Chairman

James H. Williams, Jr.
Commissioner

ATTEST:

Secretary